

7-Eleven partnership improves compliance

30 October 2020

Major convenience and fuel outlets franchisor 7-Eleven Stores Pty Ltd has made substantial improvements to its payroll and time-recording systems as part of a three-year compliance partnership with the Fair Work Ombudsman.

7-Eleven voluntarily entered into a [Compliance Deed \(www.fairwork.gov.au/ArticleDocuments/762/7-eleven-pcd.pdf.aspx\)](http://www.fairwork.gov.au/ArticleDocuments/762/7-eleven-pcd.pdf.aspx) in December 2016 to improve compliance across its franchise network. The Compliance Deed was a recommendation from the FWO's [Inquiry Report \(www.fairwork.gov.au/ArticleDocuments/763/7-eleven-inquiry-report.docx.aspx\)](http://www.fairwork.gov.au/ArticleDocuments/763/7-eleven-inquiry-report.docx.aspx), which found significant underpayments in 7-Eleven's franchise network.

The FWO's inquiry found that several 7-Eleven franchisees had been deliberately falsifying records to disguise the underpayment of wages and that 7-Eleven's approach to workplace matters, while seemingly promoting compliance, didn't adequately detect or address deliberate non-compliance.

The FWO brought 11 litigations against 7-Eleven franchisees resulting in courts awarding more than \$1.8 million in penalties against them, including for operating unlawful cash-back schemes, paying unlawful flat rates to workers, and falsifying records.

As part of the Compliance Deed, 7-Eleven put in place a biometric time recording system across all its Australian stores, requiring employees to clock in and out with a thumbprint, which is cross-checked against employee facial recognition images and store rosters to enable more accurate recording of working hours. Costs for the improved technology, systems and processes was more than \$10 million.

Other governance measures implemented include 7-Eleven requiring all staff to be paid electronically only, new compulsory online training on employment conditions for new employees, an Internal Investigations Unit and a new employment conditions chapter in the Franchisee Systems Manual.

The compliance partnership also required 7-Eleven to engage an independent expert to complete three annual audits of its compliance with workplace laws, leading to back-payments of \$102,167 as a result of the first audit in 2017. No further underpayments were identified in the second and third annual audits.

Fair Work Ombudsman Sandra Parker said the compliance partnership had led to network-wide improvement to protect the workplace rights of current and future employees.

"After widespread non-compliance in its franchise network was identified, 7-Eleven has implemented extensive high-tech systems, training and employee assistance programs across its business. Through our Compliance Partnership, the franchisor has delivered on its commitment to address past breaches by its franchisees and lead a network that meets its lawful obligations to workers," Ms Parker said.

"Franchise networks are a priority sector for the Fair Work Ombudsman. We urge all head offices to prioritise compliance with workplace laws or risk systemic breaches that impact their brand and workforce. Franchisors can now be held responsible for their franchisees' conduct and may be subject to enforcement action, court proceedings and penalties if their franchisees have breached the law."

Between September 2015 and February 2020, 7-Eleven Stores Pty Ltd have back-paid \$173,610,752 in wages, interest and superannuation to 4,043 current and former franchisee employees.

"We will continue to monitor compliance in 7-Eleven outlets and encourage head office to consider entering into a second compliance partnership to ensure ongoing accountability," Ms Parker said.

There are more than 700 stores in the 7-Eleven network across NSW, Victoria, Queensland, Western Australia and the ACT, including those operated by over 530 franchisees.

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Download the [7-Eleven Stores Pty Ltd Proactive Compliance Report \(DOCX 78.1KB\)](http://www.fairwork.gov.au/ArticleDocuments/544/7-eleven-compliance-partnership-report-final.docx.aspx) (www.fairwork.gov.au/ArticleDocuments/544/7-eleven-compliance-partnership-report-final.docx.aspx) (PDF 309KB) (www.fairwork.gov.au/ArticleDocuments/544/7-eleven-compliance-partnership-report-final.pdf.aspx)

Media inquiries:

Matthew Raggatt, Assistant Media Director (A/g)

Mobile: 0466 470 507

matthew.raggatt@fwo.gov.au (<mailto:matthew.raggatt@fwo.gov.au>)

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Contact us

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